International Journal of All Research Education and Scientific Methods (IJARESM),
ISSN: 2455-6211, Volume 13, Issue 5, May-2025, Available online at: www.ijaresm.com

Economic Impacts of Tech Layoffs in India 2025 — A Marxian Analysis

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ABSTRACT

2025 was a year where we saw large layoffs in many companies. Technical layoffs were predominantly seen in India. Companies such as Meta and Amazon have eliminated a significant number of jobs in the tech sector. In 2025, the tech giants eliminated 28,000 jobs in India. This trend is expected to continue in the coming years. At the global level, the elimination of jobs was around 105,000 in the year 2025. This paper examines the tech layoffs under the lens of Marxian theory. The paper tries to find out whether the increasing automation and outsourcing of jobs in the tech sector is a result of capitalist exploitation of labor. Marxian theories such as labor alienation, surplus value extraction, and class struggle will be discussed in detail to analyze the current situation in the tech industry.

Keywords: Capitalism, Labor Exploitation, Marxian Theories, Automation, Outsourcing, Tech Sector, Labor Alienation, Surplus Value Extraction, Class Struggle.

INTRODUCTION

India's tech sector is a large contributor to the GDP of the country. **(PRactice, A. (2025, April 17). *India's tech sector to contribute US$1 trn. to GDP by 2030: Nasscom Prez - IndBiz | Economic Diplomacy Division*. IndBiz | Economic Diplomacy Division. https://indbiz.gov.in/indias-tech-sector-to-contribute-us1-trn-to-gdp-by-2030-nasscom-prez/)** It's estimated that 283 billion dollars is the approximate contribution to GDP from the tech sector alone, making it a crucial part of the economy. Tech giants such as Meta, Amazon, and Microsoft have mainly initiated tech layoffs in the year 2025. These layoffs have led to a significant decrease in the overall contribution of the tech sector to the GDP. The major reason associated with layoffs in the tech sector is the rapid advancement in automation and artificial intelligence, leading to a decrease in demand for human labor.

From the perspective of Marx, these layoffs can be seen as a direct result of capitalist exploitation of the working class.**(Nilsson, M. (2020). Economic inequality, Marxist theory, and Swedish-language working-class literature. *Studia Neophilologica*, *92*(2), 222–237.** https://doi.org/10.1080/00393274.2020.1751700) This paper investigates the macroeconomic consequences of tech layoffs in India. Impact on consumer spending , asset creation, and economic stability in the country are studied through Marxian concepts of labor , capital, and class conflict.

*End note : A special thanks to **Dr.Sudheesh K M** (Department of Political Science Payyannurcollege) for his Valuable Contribution for this paper*

Marxian Analysis of Tech Layoffs

Tech layoffs can be understood with the Marxian theory of surplus value extraction and exploitation of labor by capital. The concept of alienation also plays a significant role in understanding the impact of tech layoffs on workers. **(Krishna, A., 1, Vikash, A., 2, Kumar, A., 3, Sravanthi, A., 4, Bharath, A., 5, Tarun, A., 6, Aditya Institute Of Technology And Management, Shailaja, N., 7, & BS&H Dept., Aditya Institute Of Technology And Management. (2025).**

THE IMPACT OF LAYOFFS IN THE IT INDUSTRY: TRENDS, CAUSES, AND CONSEQUENCES. *International Research Journal of Modernization in Engineering Technology and Science*.)Marx argued that under capitalism , workers become alienated from the product of their labor and from themselves as individuals. As a result, layoffs can exacerbate feelings of alienation and disconnection among workers. In the tech sector, automation driven by artificial intelligence reducing budgets and tariff imposition can be seen as a direct threat to job security and further increase feelings of alienation among workers.

Marx's other concept of surplus value can also be used to understand the situation. Surplus value theory explains how capitalists are extracting the profits of the workers by paying workers less than the value they produce**.(*Marxism - Econlib*. (2021, June 18). Econlib. https://www.econlib.org/library/Enc/Marxism.html)** This exploitation is at the core of capitalism and perpetuates inequality within society. The reduction of 20 percent of IT budget cuts forces tech vendors to deliver more output with fewer workers. This often leads to increased pressure and burnout among employees.

The tech layoffs also underscore class tension between tech workers and capitalists as companies prioritize profit over the well-being of their employees. The middle persons between senior managers and managers can be represented as a proletarianized tech workforce who bear the brunt of the pressure and burnout among employees. They often face long hours, high stress, and limited job security. Meanwhile, corporate people and shareholders are represented as the bourgeoisie who reap the benefits of their labor. Their AI investment and cost-cutting are actually increasing the inequality gap between the working class and the upper class.

Economic Impacts Through a Marxian Lens

The economic impacts of tech layoffs are a serious concern for the country, and it's important to understand the tech layoffs through the Marxian angle. The economic impacts of tech layoffs can exacerbate the inequality gap between the working class and the upper class. Regarding consumer spending and asset creation, tech layoffs can lead to decreased demand and investment opportunities, further widening the wealth gap. Tech professionals were actually driving India's real estate , automotive, and lifestyle markets. Layoffs threaten this consumption and could have significant negative impacts on the entire economy. The above can be easily understood with the Marxian theory. Marx's views of capitalism's crises of overproduction and underconsumption can help explain the current situation in India.**(Siddiqui, K. (2023). Marxian Analysis of Capitalism and Crises. *International Critical Thought*, *13*(4), 525–545. https://doi.org/10.1080/21598282.2023.2296167)**

Marxian theory also suggests that prioritizing profit over labor stability will result in reduced economic growth and increased social inequality. The tech sector is the largest contributor towards the GDP of the country. A global recession will drastically affect India's economy, leading to a further decline in job opportunities and an increase in poverty rates. Displaced workers contribute less towards the economic growth of the country.

Marx also believed that as unemployment increases, it will pressure the employed workers to work for less pay and in worse working conditions , ultimately leading to a cycle of exploitation by the capitalist class. This all will happen due to the inherent contradictions within the capitalist system.

Structural Challenges and Capitalist Dynamics

There will be a massive shift in the structure of the working class. As technology advances , traditional jobs will become obsolete and new industries will emerge, creating a need for workers to adapt and retrain in order to survive in the changing economy.**(Manyika, J., &Sneader, K. (2018, June 1). *AI, automation, and the future of work: Ten things to solve for*. McKinsey & Company. https://www.mckinsey.com/featured-insights/future-of-work/ai-automation-and-the-future-of-work-ten-things-to-solve-for)**

Marx predicted that technological advancement under capitalism will displace workers and change the working class into a proletariat. Usage of technology is a serious threat to the economy, as job loss will continue similar to the tech layoff. This phenomenon will penetrate into other segments of the economy and will result in similar displacement of workers in various industries.

CONCLUSION

The 2025 tech layoffs in India happened due to the advancement of artificial intelligence, which poses a great threat to the economy. Marx's writings on the effects of industrialization on labor and society clearly explained the aforementioned threat. The tech layoffs not only displace the workers, but they also affect the GDP growth of the country as a whole. It also creates a wider gap between the wealthy and the impoverished. To avoid these impacts, policymakers should explore the implementation of retraining programs and job placement services. Upskilling of workers should reduce alienation, and it empowers labor.

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